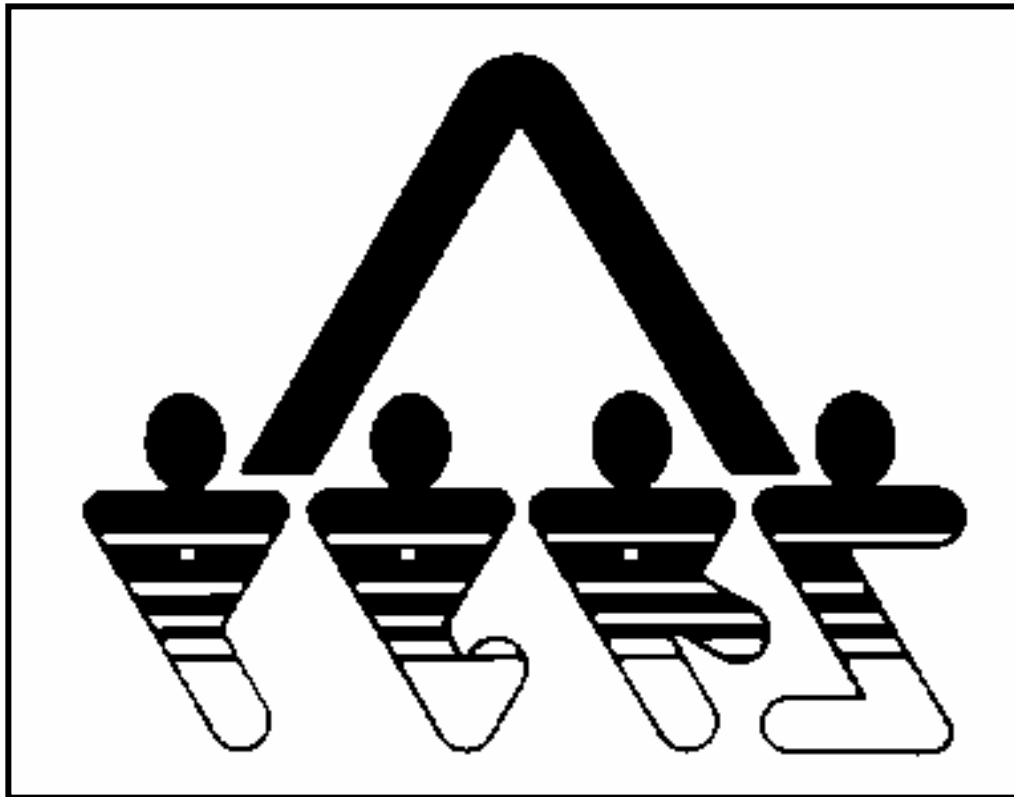


North Dakota Public Employees Retirement System



Eligibility



- ⌘ At least 18 years of age
- ⌘ Work at least 20 hours a week
- ⌘ 20 or more weeks a year
- ⌘ Position is regularly funded & not of limited duration

Enrollment



⌘ Eligible employees employed at the time the employer joins may waive participation

☑ Must sign a waiver of participation

☑ May not have their pay increased as a result of that waiver

☑ May join at a later date

⌘ All eligible employees hired after the employer joins must participate

Contribution Rates



⌘ Employee Contribution

⏏ 4.00%

⌘ Employer Contribution

⏏ 5.12 %

⌘ Contributions are calculated as a percentage of gross pay excluding overtime

Payment of Employee Contribution



⌘ Employee Paid

- ☑ after tax deduction

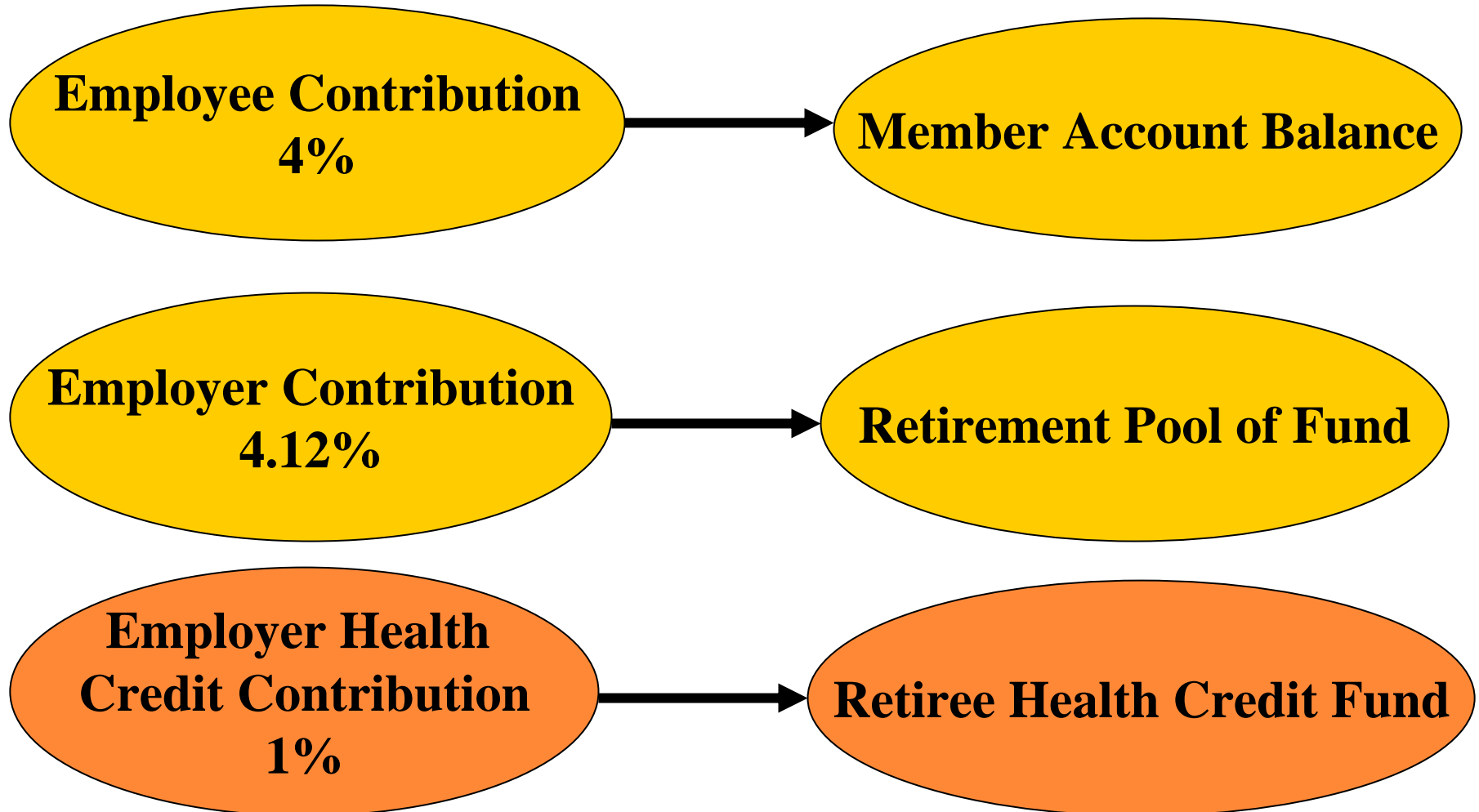
- ☑ salary reduction

⌘ Employer Paid

- ☑ offset against future salary increase

⌘ Combination of salary reduction and salary increase offset

Contribution Allocation



Portability Enhancement Provision (PEP)



⌘ PEP allows a member to vest in the employer contribution

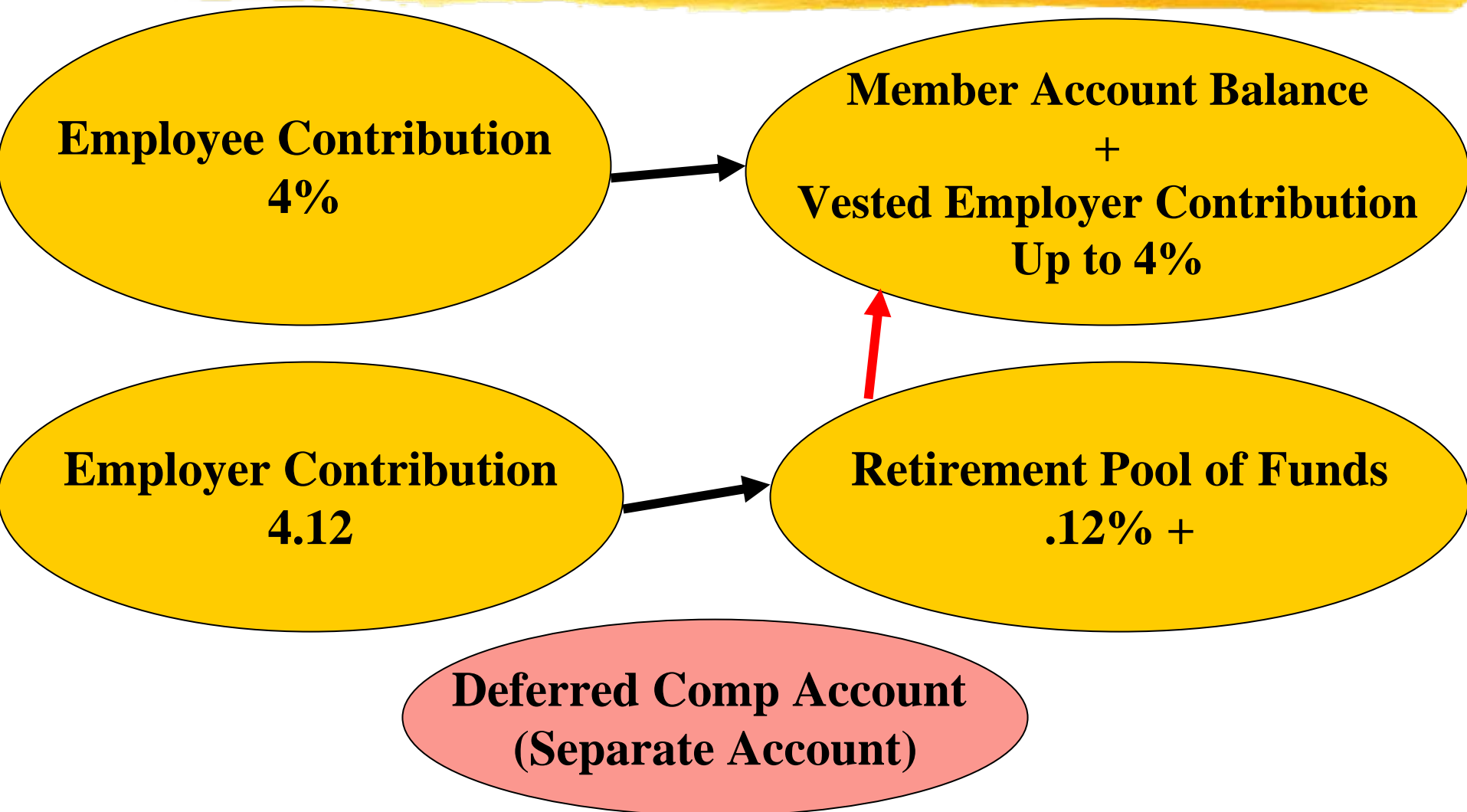
☐ *Requires participation in an eligible Deferred Compensation Plan*

- 457
- 403(b)

⌘ Vested employer contributions are added to the member's account balance

⌘ Result is accelerated accrual of member's account balance

Contribution Allocation With PEP



How PEP Works

For every dollar you put in a Deferred Comp Plan, NDPERS will add one dollar to your member account balance, subject to a vesting schedule.



Employer Contribution Vesting Schedule (PEP)

Service Credit	Minimum	Maximum
0-12 Months	\$25	1%
13-24 Months	\$25	2%
25-36 Months	\$25	3%
37+ Months	\$25	4%



Let's See an Example

Member Account Balance without PEP	<u>\$5,221</u>
Member Account Balance with PEP	<u>\$8,932</u>
Difference=	\$3,711

Assumes 5 year participation
5% salary increase after 1st year
3% salary increase each following year
7.5% annual interest, compounded
monthly

How To Activate PEP



- ⌘ If you are already enrolled in a deferred compensation plan continue participation.
 - ☑ If you're not at the maximum consider increasing your contribution.
- ⌘ If you are not enrolled & your employer offers a deferred compensation plan:
 - ☑ Contact a Deferred Comp provider representative to enroll.
- ⌘ If your employer does not offer a deferred compensation:
 - ☑ Discuss the option with your employer. Plan is available to all eligible employers.

Service Credit & Vesting

- ⌘ A member will receive a month of service credit for each contribution
- ⌘ A member is vested the earlier of:
 - ☑ Achieving 36 months (3 years) of service credit or
 - ☑ Attaining 65 years of age
- ⌘ A member has become legally entitled to a monthly benefit from NDPERS



Purchase of Service Credit



⌘ Previous Employment:

- ☑ Non-Covered ND Governmental Service
- ☑ Out-of-State Governmental Service
- ☑ Refunded NDPERS Service

⌘ Federal Service

⌘ Legislative Service

⌘ Military Service

⌘ Leave of Absence

⌘ If Vested- Up to 5 Years Generic

⌘ At Termination of Employment-Unused Sick Leave

Purchase Provisions



⌘ Cost of Purchase

- ☑ Actuarial Calculation

⌘ Download from Website (nd.gov/ndpers)

- ☑ Benefit Estimate Calculator

- ☑ Purchase of Service Calculator

Purchase Provisions Cont.



⌘ Payment Methods

☒ Direct Rollover or Transfer of Pre-Tax Dollars from:

- 401(a)
- 401(k)
- 403(b)
- 457
- Traditional IRA
- Federal Employee Retirement System Thrift Savings Plan
- 401(c) Keogh Plan (deposits from 401(a) or (k))

☒ Pre-Tax Payroll Deductions

☒ After-Tax Payroll Deductions

☒ Personal Payments

Sick Leave Conversion



Final Average Salary (FAS)

X

9.12%

X

Number of Months
(hours divided by 173.3)

=

\$Cost

Benefits at Termination

Member Account Balance Options:

⌘ Lump Sum Refund

⌘ Direct Rollover

⌘ Combination rollover/refund

⌘ Leave Money Intact /Deferred Benefit



Disability Benefits

⌘ Disability Retirement

☑ Vested after 6 Months

⌘ 25% of Final Average Salary (FAS)

☑ \$100 per month minimum

⌘ Eligibility will be recertified



Surviving Spouse Benefits



Assumption: Member is Active Prior to Death

- ⌘ Lump Sum Payment
- ⌘ 60 Monthly Payments
- ⌘ Lifetime Payments

“Early” Retirement



⌘ Age 55

⌘ Reduction in Benefits from Age 65 or attaining Rule of 85, whichever occurs first

☐ 6% for each year

☒ .005 for each month

"Normal" Retirement

⌘ Attain Age 65

⌘ Achieve the Rule of 85

☑ Member's Age + Service Credit



Retirement Benefit Formula



⌘ Final average salary (FAS)

☑ The average of your highest 36 salaries during the last 120 months worked

⌘ Benefit multiplier

☑ 2.00%

⌘ Credited service

☑ One month of service for each contribution

(FAS x 2.00% x Service Credit)

Retirement & Disability Benefit Options

- ⌘ Single Life
- ⌘ 50% Joint & Survivor
- ⌘ 100% Joint & Survivor
- ⌘ 20 Year Term Certain
- ⌘ 10 Year Term Certain
- ⌘ Level Social Security Option*

⊗ *Not an option for Disability Benefits & PLSO



Partial Lump Sum Option (PLSO)



- ⌘ Only for retiring members at or past Normal Retirement Date
 - ☑ Excludes Disability Retirees and Surviving Spouses
- ⌘ Payment equal to 12 months of Single Life
- ⌘ Permanently reduces ongoing benefit
 - ☑ Approximately 10%

Retirement Benefit Example

Disclaimer: This example may not be interpreted as a personal calculation

Assumptions: Member is Age 60 with a Spouse Age 56

Retirement Benefit Formula:

\$2,351 (FAS) x 2.00% x 24 Years = **\$1,128.48**

(Early Retirement Reduction 6%) **- 67.71**

(Early Single Life Monthly Benefit) **\$1,060.77**

Single Life Benefit = **\$1,060.77**

50% Joint & Survivor Benefit = **\$990.55** Spouse Benefit = **\$495.28**

100% Joint & Survivor Benefit = **\$929.13** Spouse Benefit = **\$929.13**

20 Yr Term Certain = **\$971.67** Beneficiary Benefit (If any) = **\$971.67**

10 Yr Term Certain = **\$1,033.83** Beneficiary Benefit (If any) = **\$1,033.83**

Retirement Benefit Example

Disclaimer: This example may not be interpreted as a personal calculation

Assumptions: Member is Age 60 with a Spouse Age 56

Rule of 85 Applies

Retirement Benefit Formula:

\$2,351 (FAS) x 2.00% x 25 Years = \$1,175.50

Single Life Benefit = \$1,175.50

50% Joint & Survivor Benefit = \$1,097.68 Spouse Benefit = \$548.84

100% Joint & Survivor Benefit = \$1,029.62 Spouse Benefit = \$1,029.62

20 Yr Term Certain = \$1,076.75 Beneficiary Benefit (If any) = \$1,076.75

10 Yr Term Certain = \$1,146.64 Beneficiary Benefit (If any) = \$1,146.46

Retirement Benefit Example

Disclaimer: This example may not be interpreted as a personal calculation

Assumptions: Member is Age 60 with a Spouse Age 56

Rule of 85 Applies

Retirement Benefit Formula:

\$2,351 (FAS) x 2.00% x 25 Years = \$1,175.50

PLSO = \$14,106.00

Single Life Benefit = \$942.75

50% Joint & Survivor Benefit = \$880.34 Spouse Benefit = \$440.17

100% Joint & Survivor Benefit = \$825.75 Spouse Benefit = \$825.75

20 Yr Term Certain = \$863.56 Beneficiary Benefit (If any) = \$863.56

10 Yr Term Certain = \$918.40 Beneficiary Benefit (If any) = \$918.40

Retiree Health Credit



- \$4.50 For Every Year of Service Credit
- Reduced for Early Retirement
- Applies only to the NDPERS Group Health Insurance Plan

Retiree Insurance Coverage



⌘ Members drawing a NDPERS monthly retirement benefit maybe eligible to join the following NDPERS sponsored insurance plans:

- Health
- Dental
- Vision
- Long-Term Care

On-Line Services



⌘ One-time Registration at nd.gov/ndpers

⌘ Compute

☑ Retirement Benefit Estimates

☑ Disability Benefit Estimates

⌘ View

☑ Member Account Balance

☑ Current Annual Statement

Other Website Features



⌘ You have access to:

☑ Plan Handbooks

☑ Newsletters

☑ News Flashes

☑ Forms

☑ Kits

☑ Contact Information